



Budget: Tax hikes tied to jobless rate stoke lively discussion

By Vicki Needham - 03/14/13 05:02 PM ET

Senate Budget Committee lawmakers delved into the quagmire of tax issues on Thursday, sparking a lively discussion about a proposed amendment that would prohibit tax hikes while the unemployment rate is above 5.5 percent.

Sen. Kelly Ayotte (R-N.H.) proposed an amendment to the fiscal 2014 Democratic budget proposal that would allow for a budget point of order on any blueprint that includes tax increases until the jobless rate drops.

Senate Budget Committee Democrats pounced on the idea, with Chairwoman Patty Murray (D-Wash.) calling the amendment "misguided" in arguing that while her budget raises \$975 billion in taxes, she is asking wealthier taxpayers and bigger businesses to chip in a little more to "make critical investments to get economy going again."

Murray said there are leading economists who say there is evidence that raising revenues from those who can most afford it will not harm the economy.

But Ayotte expressed concern that Democrats' plan to generate nearly \$1 trillion in new revenues will reach beyond their intended targets.

"What other businesses are you going to hit?"

The jobless rate in February dropped to 7.7 percent, the lowest level since December 2008.

The committee is expected to remain in session on Thursday until they approve a blueprint, which will likely come down on a party-line vote.

Other Republicans on the panel were quick to argue that raising taxes stymies economic growth, using President Obama as an example of someone who has argued in the past several years against tax hikes while the economy is in a state of recovery.

A tax bill signed into law in January by Obama is designed to raise \$600 billion in new revenue.

Congressional Republicans remain unified against allowing any more tax increases, evidenced by a recent push by Obama and Democrats to pay for an \$85 billion sequester with an equal amount of tax hikes and spending cuts.

Sen. Ron Johnson (R-Wis.) said simply that increasing taxes harms economic growth.

But Sen. Mark Warner (D-Va.) suggested that tax increases could certainly reach outside of the top 1 percent of earners to raise even more than the \$600 billion produced by the so-called "fiscal cliff" deal.

Sen. Debbie Stabenow (D-Mich.) and Sen. Sheldon Whitehouse (D-R.I.) said the Democrats' budget plan aims at nixing tax breaks that have outlived their usefulness and no longer make sense in the modern economy.

For example, Stabenow said that an oil-and-gas tax break that first appeared in 1916 is still used by the world's top five oil companies.

"We're not talking about things that hit small businesses or the middle class, it aims for those who avoid paying their fair share," she said.

"Some of these companies don't need tax money and we can use it to reinvest in new technology, and that is about jobs and about the middle class."

Whitehouse argued that the tax code is filled with "artifacts of political power and lobbyist influence" benefiting large companies and that the Democratic budget moves in the direction to "clean up this mess."

Source:

<http://thehill.com/blogs/on-the-money/budget/288295-budget-tax-hikes-tied-to-jobless-rate-stokes-lively-discussion>

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